

FISCAL NOTE

Bill #: HB0397

Title: Grant program to assist catastrophically injured public safety officers

Primary Sponsor: Facey, T

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
State Special Revenue	\$27,729	\$151,127
Revenue:		
State Special Revenue	\$73,350	\$221,250
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input checked="" type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Labor and Industry

1. This bill increases the Employment Security Account (ESA) tax on experience rated employers from 0.13 percent to 0.1365 percent for wages reported for the four quarters in calendar year 2004. The ESA tax rate will revert back to the current rate (0.13 percent) for wages reported for first quarter calendar year 2005.
2. The 0.0065 percent increase is estimated to bring in \$295,000 for the 12 months that the increase is in effect (January 1, 2004 to January 1, 2005). Collections lag one quarter; therefore, approximately \$73,750 will be generated in FY 2004 and \$221,250 in FY 2005.
3. There is no provision currently in this bill to allow the use of monies generated for administrative expenses for computer programming and administration of these grants. It is assumed this oversight will be corrected and Dept. of Labor & Industry costs will be \$1,600 in FY 2004 and \$800 in FY 2005 to implement and administer this program.
4. Section 9 appropriates \$120,000 in FY 2005 for grants. It is anticipated that FY 2004 expenditures will be for program set-up.
5. The Dept of Labor & Industry, Employment Relations Division will manage this program and approve grants to match monies raised by non-profit organizations.

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Department of Revenue

6. This bill would create a new state special revenue account to fund grants to organizations assisting catastrophically injured public safety officers.
7. Under current law, employers pay a tax of 0.13 percent of taxable wages to pay state administrative costs for unemployment insurance. This bill would increase the tax rate to 0.1365 percent for calendar year 2004 and would allocate 0.0065 percent of the tax to the new catastrophically injured public safety officers' account.
8. This bill temporarily changes the tax rate and carries the rate out to four decimal places. Five percent of unemployment insurance returns filed during the year when the temporary rate would be in effect and the quarter after the rate changed back would have errors due to the rate changes. Because of these additional errors on returns, the Department of Revenue would need an additional FTE for two quarters in FY 2004 and for three quarters in FY 2005. The cost for personnel, operating expenses, and equipment would be \$26,129 in FY 2004 and \$30,327 in FY 2005.

FISCAL IMPACT:

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Department of Labor and Industry		
<u>Expenditures:</u>		
Personal Services (Current Level FTE)	\$1,600	\$800
Grants	<u>0</u>	<u>120,000</u>
TOTAL	\$1,600	\$120,800
<u>Funding of Expenditures:</u>		
State Special Rev. (02)	\$1,600	\$120,800
<u>Revenues:</u>		
State Special Revenue (02)	\$73,750	\$221,250
 Department of Revenue		
FTE	0.50	0.75
<u>Expenditures:</u>		
Personal Services	\$18,857	\$28,093
Operating Expenses	\$1,472	\$2,234
Equipment	<u>\$5,800</u>	<u>\$0</u>
TOTAL	\$26,129	\$30,327
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$26,129	\$30,327
 <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	\$46,021	\$73,123

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TECHNICAL NOTES:

Department of Labor and Industry

1. As currently drafted this bill creates additional tax liability for experience rated employers for calendar year 2004.
2. Any fund balance left in the account created in Section 7 will be submitted as a decision package in FY 2006 and following years until all funds have been distributed to the community service organizations.
3. Grant funding is not contingent upon funds being available from the grant account.
4. The direction of the matching dollars is not clearly indicated in the bill.
5. There is no applicability section so individuals who were injured prior to the effective date of the bill could potentially be used as a basis for the community service organizations to seek grant dollars.
6. The bill does not currently have a provision allowing administrative expenses to be taken from the amounts raised under this bill

Department of Revenue

7. Subsection 6(4) temporarily increases the tax rate for state unemployment insurance administration by 5 percent, from 0.13 percent to 0.1365 percent ($0.1365 \text{ percent} / 0.13 \text{ percent} = 1.05$). Subsection 7(4) allocates 0.0065 percent of collections to the new account for injured public safety workers. If the intent of the bill were to allocate the additional revenue that would be raised in 2004 from the temporary rate increase to the new account, the percentage in subsection 7(4) would need to be 5 percent.